

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION PURSUANT TO 1994)	
HOUSE BILL NO. 501 FOR THE APPROVAL OF)	
THE PRINCIPLES OF AGREEMENT, DEMAND)	
SIDE MANAGEMENT, THE UNION LIGHT, HEAT)	
AND POWER COMPANY, AND FOR AUTHORITY)	CASE NO. 95-312
FOR THE UNION LIGHT, HEAT AND POWER)	
COMPANY TO IMPLEMENT VARIOUS TARIFFS)	
TO RECOVER COSTS, LOST REVENUES AND)	
RECEIVE INCENTIVES ASSOCIATED WITH)	
DEMAND SIDE MANAGEMENT PROGRAMS)	

O R D E R

On March 31, 1997, The Union Light, Heat and Power Company ("ULH&P"), in conjunction with its Demand-Side Management Collaborative ("Collaborative"), filed a joint application for ULH&P to recover in rates the costs associated with a new Demand-Side Management ("DSM") program, changes to existing programs, and the termination of two existing programs. The joint application includes new tariffs for gas and electric service, to be effective April 30, 1997. The new tariffs reflect the various proposed changes in the DSM programs and the associated program costs.

In approving the initial programs by Order dated December 1, 1995, the Commission explicitly stated that ULH&P should recalculate on an annual basis the electric and gas usage-per-customer growth factors contained in the residential decoupling mechanism using customer usage data from the most recent eleven-year period. However, it appears that no such recalculation has been prepared. In addition, the Commission ordered ULH&P to perform a study which compares the electricity and

gas usage patterns of DSM program participants with those of non-participants, and should present the findings to the Commission in annual update reports and a final report at the end of the DSM plan in December 1999. The joint application indicates that this study has not yet been performed. These omissions will necessitate further proceedings pursuant to KRS 278.190 to determine the reasonableness of the proposals included in the application.

IT IS THEREFORE ORDERED that:

1. The proposed tariffs are suspended for five months from April 30, 1997 up to and including September 29, 1997.
2. Nothing in this Order shall prevent the Commission from issuing further Orders or entering a final decision in this case prior to the termination of the suspension period.

Done at Frankfort, Kentucky, this 25th day of April, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director